

The purpose of H. R. 8427 is to provide an improved retirement system for a limited number of employees of the Central Intelligence Agency.

At the present time all employees of CIA are limited to the normal Civil Service Retirement benefits. On the other hand, more liberal retirement benefits have been in effect for many years for the Foreign Service and for certain personnel engaged in investigation and detection of crime and apprehension of criminals.

In our opinion, many CIA employees serve under conditions which are as difficult, ^{and} probably more dangerous and onerous than the conditions which led to improved retirement benefits for the Foreign Service and certain personnel of the FBI and other agencies.

CIA employees who will come under this proposed system are obligated, in writing, to serve anywhere in the world according to the needs of the Agency, as is the case in the Foreign Service and the military, but unlike the normal Civil Service employee. The Agency has a definite need to maintain a young service by encouraging earlier retirement and in some cases directing earlier retirement. The voluntary early retirement features of this proposed legislation will serve this end.

Since the Agency is unable, in fact, to provide full-term careers for many individual officers, it is necessary to minimize the adverse effects of the required programs of managed attrition and to preserve its ability to recruit and retain the high-caliber personnel it needs. Therefore, the Agency must make reasonable provision for the futures of those individuals who must be separated before completing a full-term career of thirty or

H. R. 8427 is a clean bill introduced after careful consideration by the Subcommittee following four days of extensive hearings on H. R. 7216 which was the original bill. While the primary purpose of H. R. 7216 was an improved retirement system, it did include numerous amendments of a technical nature designed to update certain sections of the Central Intelligence Agency Act of 1949. It also contained other provisions which sought to grant certain new authorities to the Agency. Early in the hearings, the Subcommittee determined that H. R. 7216, in its entirety, was of such wide scope that it should be revised so as to limit it strictly to the establishment of an improved retirement system. Accordingly, H. R. 8427 has only those provisions which relate to the establishment of an integrated and self-contained retirement system for certain employees of the Agency. It is estimated that a maximum of only about 30 per cent of the total employee strength will become eligible for coverage under this system.

It was determined that rather than devise an entirely new retirement system, with the attendant difficulties, the CIA retirement system should be patterned after the Foreign Service system since it was felt that such system was sufficiently flexible to meet Agency requirements.

The primary features of this bill provide for voluntary retirement, with the consent of the Director, by an employee at age 50 if he has 20 years of service. The Subcommittee rewrote the original section so as to require that such an employee would need at least five years of service with the Agency in order to be eligible. Another key feature of the bill

will permit the Director to retire individuals involuntarily where such retiree is in the grade of GS-14 or above. Such an employee will be entitled to draw an immediate earned annuity regardless of age at time of retirement. In our consideration we added a requirement, however, that in order to be eligible for such an annuity, the individual must have had at least five years of qualifying service with the Agency and a total of at least 10 years' service with the Agency. The term "qualifying service" is used to refer to that type of service which the Director determines would be of the nature which would qualify an individual to be a participant in this system. Generally, only those career employees will be covered whose careers are primarily oriented toward the conduct and support of intelligence activities abroad.

The Director may also retire involuntarily employees in grade GS-13 and below. In such case, they will be entitled to deferred annuities payable at age 60 if otherwise eligible and, in addition, will receive separation compensation at the rate of one month's pay for each year of service with a maximum of one year's salary. The other provisions of the bill are comparable to the Foreign Service system.

In the interest of security, it is believed that this system must be administered within the Agency separate from existing retirement funds. In furtherance of maintaining proper security, the Subcommittee bill provides that determinations authorized by the Director under the act would not be subject to judicial review. Otherwise, sensitive information relating to the assignments of these individuals possibly would be brought

into court in the event of a dispute. It is estimated that after a five-year leveling off period, the net additional costs resulting from enactment of this legislation would be \$580,000 per annum.

In introducing the clean bill, H. R. 8427, we have deleted a provision in the original bill which would have excluded from gross income for Federal income tax purposes disability annuities payable under this bill. Similar provisions exist in law with respect to disability annuities for the military and the Foreign Service. However, the Ways and Means Committee was unable to complete action on this item, which is an amendment to the Internal Revenue Code. Consequently, this provision was deleted pending their final action.

As indicated above, the Subcommittee examined this proposal intensively and made a number of amendments which we feel result in an improved bill. We found the Agency witnesses in the course of four days of hearings to have been fully cooperative and frank in discussing their needs in this area. The Subcommittee concluded that this legislation would materially assist the Agency in its programs.

The report from the Subcommittee is unanimous and we urge favorable action by the full Committee.

Statement on H. R. 8427

Mr. President:

I rise in support of H. R. 8427.

It is beyond dispute that the more pertinent information our policymakers have at their disposal, the better equipped they are to make the important decisions which shape our destiny and determine the role this Nation is to play in the course of world events. It rests with the Central Intelligence Agency to collect certain of that information and to produce the finished intelligence which may guide the policymakers toward the formulation of prudent judgments. In carrying out its role, the Agency must cope with problems unknown to other departments of our government. Some of these problems are esoteric; others are of a more ordinary nature. But both kinds of problems must be dealt with and resolved if this important Agency is to carry on its essential work.

The problem with which we are asked to concern ourselves today is not new to the Congress--nor is the proposed solution. The same problem has beset the FBI and the Foreign Service: it is the problem of providing for the equitable retirement of those men and women who have devoted their lives to government service in careers which--because of inherent hazards or severe strains--require the vigor, the flexibility, and the physical stamina which only the young

command. In 1946 the Congress provided for the retirement of Foreign Service officers at age 50 with 20 years of service; in 1947 similar authority was accorded the FBI. Today justice dictates that we provide similar treatment for certain employees of the CIA. That, essentially, is what this legislation seeks to do. It does not seek to establish any precedent in the retirement field, but only to implement existing precedent and to carry out a policy long countenanced by the Congress.

To be certain that only those employees of CIA intended to be covered by this Act are permitted to participate in this retirement system, criteria for eligibility are spelled out: "The Director may designate (as participants) . . . such Agency officers and employees whose duties are determined by the Director to be (1) in support of Agency activities abroad hazardous to life or health, or (2) so specialized because of security requirements as to be clearly distinguishable from normal government employment". Moreover, before the implementing regulations may take effect, they must be approved by the chairmen and ranking minority members of the Armed Services Committees of the House and Senate. The remaining employees of the CIA--about 70 per cent--will continue to be covered by the Civil Service Retirement Act which was found to be entirely appropriate for them. The Committee saw to it that no special authority was granted in this Act, that was not absolutely necessary.

Thus the major features of this legislation provide first of all, for voluntary retirement at age 50 for those with 20 years of service. Also, authority is given to the Director to retire, in his discretion, those with 25 years of service, or those who are 50 who have 20 years of service; and provision is made for the mandatory retirement at age 60 for all in grades GS-17 and below. Those in grades GS-18 or above are to be automatically separated from the Agency upon reaching the age of 65.

I am convinced that there is a need for such legislation, and that this bill meets that need. By voting for the passage of H. R. 8427 you may take pride in the knowledge that you have done your part to keep our intelligence service young and effective, and thus better equipped to meet the pressing needs of our policymakers for the vital intelligence upon which they so heavily rely.

Mr. President:

The Senate Armed Services Committee has reported favorably H. R. 8427 which was passed by the House to give CIA an improved retirement system for a limited number of its employees. The Senate Committee amended the House bill in a number of respects with the objective of tightening the bill. I would like to point out that I have been a member of the CIA Subcommittee of Senate Armed Services for many years. During this period I have had the opportunity to assess not only the accomplishments of CIA but also to judge some of its needs. Unfortunately, the splendid work of this Agency cannot be reported in detail in public. However, it is my judgment that they have performed an outstanding job under most trying circumstances.

The Director of Central Intelligence has made a strong case to the Congress that this improved retirement system is essential to the successful furtherance of the Agency's responsibilities. This is in many respect a most modest bill in terms of its benefits and costs but it is extremely important as a management tool for the Agency.

Statement on H. R. 8427

Mr. President:

The Armed Services Committee favorably reported H. R. 8427, a bill designed to provide an improved retirement system for a limited number of employees of the Central Intelligence Agency.

Voluntary Retirement

Currently all employees of the CIA are covered by the Civil Service Retirement Act which is altogether adequate for the majority of Agency employees. However, there exists within the CIA a class of employees for whom normal government retirement provisions are clearly inappropriate. This class of employees is specifically defined in this Act as those whose duties are "(1) in support of Agency activities abroad hazardous to life or health, or (2) so specialized because of security requirements as to be clearly distinguishable from normal government employment". The difficult and frequently hazardous conditions under which these people operate inevitably affect their health and, over the years, weaken their capacity for sacrifice. Thus, like the Foreign Service and the FBI, this is a young man's business and provision must be made for retirement at an earlier age than that provided for government employees generally. The voluntary retirement

features of the bill meet this objective by providing that an employee who is at least 50 years of age and has rendered 20 years of service may, with the consent of the Director of Central Intelligence, be retired on an immediate annuity. I wish to emphasize that this retirement system will cover fewer than one-third of the employees of CIA, and this policy of restriction is made explicit in the bill, both in its Statement of Purpose and in its Title. In addition, the number of employees who may be retired pursuant to this Act is limited to 400 for each of the first two five-year periods following the enactment of this legislation. Thus when we speak about the individuals who will benefit from the more realistic provisions of this Act, we are speaking only of those who work in the front lines of our intelligence service, those constantly exposed to onerous conditions and personal risks on behalf of their fellow Americans.

Involuntary Retirement

In the course of its consideration of this legislation the Armed Services Committee was apprised of the unusual problems of this Agency including its inability to provide full-term careers for many of its officers. Sometimes through no fault of the employee his usefulness is ended by physical inability to withstand the rigors of oppressive climates or by overexposure to the opposition; on occasion their specialties become

outdated with the progress of science and the imaginative technological advances introduced into their areas of specialization. In order to deal equitably with these men involved in the necessary programs of managed attrition, authority is included to provide immediate annuities to those involuntarily retired who have completed at least 25 years of service, or who are at least 50 years of age with 20 years of service. To ensure that only career employees are covered by the Act, the Armed Services Committee inserted provisos which require that to be eligible for either voluntary or involuntary retirement benefits, one must have served at least 10 years (of the 20) with the Agency, 5 of which must have been qualifying service.

Committee Improvements

Since the term "qualifying service" arises in a number of places in this Act, the Committee felt it would be prudent to spell out in no uncertain terms the definition of qualifying service. Thus in section III, we defined it to mean service performed in carrying out duties which are either in support of Agency activities abroad hazardous to life or health, or so specialized because of security requirements as to be clearly distinguishable from normal government employment. In addition, we made a number of amendments to the House-passed bill

designed to keep this retirement legislation more closely in line with the Civil Service Retirement Act, while at the same time giving special authority where such authority was necessary.

Conclusions

I believe that H. R. 8427 is consistent with congressional policy which accords special retirement treatment to classes of Federal employees--such as FBI agents and Foreign Service officers--whose working conditions are substantially different from those of the normal Government employee. I believe that this legislation represents a fair and equitable retirement system for those involved in this unusual and important work. It provides the Central Intelligence Agency with an indispensable management tool and thus preserves its ability to recruit and retain the high caliber personnel it needs.

We have studied this bill carefully and have made whatever changes were required. As a result we have before us now an excellent bill which I am proud to support, and a bill which deserves your consideration.